

Message Text

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INFO USLOSACLANT

USNMR SHAPE

USCINCEUR

AMEMBASSY OTTAWA

UNCLAS SECTION 1 OF 3 USNATO 4846

E.O. 11652: GDS, NA

TAGS: MCAF, CA, NATO

SUBJECT: CANADIAN DEFENSE PROPOSAL

REF: USNATO 4537

FOLLOWING STATEMENT ON THE CANADIAN FIVE YEAR DEFENSE PROGRAM (REFTEL) WAS DISTRIBUTED BY CANADIAN DCM (MARSHALL) AT OCTOBER 10 COUNCIL MEETING AND WILL BE GIVEN TO M.O. D. RICHARDSON AT A PRESS CONFERENCE IN OTTAWA AT 1500 HOURS, GREENWICH TIME, OCTOBER 10, 1973. BEGIN TEXT:

IN THE CHANGING AND PROGRESSING WORLD IN WHICH WE LIVE, NO INSTITUTION CAN STAND STILL, LEAST OF ALL AN INSTITUTION AS IMPORTANT TO ALL OF US AS THE CANADIAN ARMED FORCES.

IN THE DEPARTMENT OF NATIONAL DEFENCE, WE HAVE IN RECENT MONTHS BEEN PLANNING A MODERNIZATION AND RENEWAL PROGRAM. I AM CONFIDENT THAT THIS MODERNIZATION AND RENEWAL OF NATIONAL DEFENCE WILL BE WELCOMED, NOT ONLY BY UNCLASSIFIED

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THE MEN AND WOMEN WHO SERVE IN THE CANADIAN ARMED FORCES, BUT ALSO BY CANADIANS FROM COAST TO COAST WHO PAY THE TAXES THAT MAKE THE VARIOUS ACTIVITIES AND THE VITAL OPERATIONS OF NATIONAL DEFENCE POSSIBLE.

FOR AT LEAST THE NEXT FIVE YEARS THE IMPORTANT RESPONSIBILITIES OF NATIONAL DEFENCE ARE TO BE FINANCED UNDER A NEW PLAN. I AM TODAY PLEASED TO ANNOUNCE THAT A NEW FINANCIAL FORMULA WHICH I HAVE RECOMMENDED TO THE CABINET HAS BEEN APPROVED.

UNDER THE NEWLY APPROVED FORMULA, THE NATIONAL DEFENCE BUDGET WILL INCREASE BY SEVEN PERCENT PER YEAR FOR THE NEXT FIVE YEARS, STARTING FROM A BASE OF \$2,143 MILLION IN FISCAL YEAR 1973-74. THIS ANNUAL INCREASE WILL ALLOW FOR SUBSTANTIAL INCREASES IN CAPITAL EXPENDITURE, PARTICULARLY FOR GREATLY NEEDED NEW EQUIPMENT. AT THE PRESENT TIME, NATIONAL DEFENCE IS SPENDING APPROXIMATELY ELEVEN PERCENT OF ITS BUDGET FOR NEW EQUIPMENT AND FACILITIES. UNDER THE MODERNIZATION AND RENEWAL PROGRAM ALMOST TWENTY PERCENT OF THE TOTAL BUDGET WILL BE SPENT FOR NEW EQUIPMENT BY THE END OF THE '70S. IN OTHER WORDS THE PERCENTAGE OF THE DEFENCE BUDGET TO BE SPENT ON NEW EQUIPMENT WILL ALMOST DOUBLE DURING THIS DECADE.

MODERN EQUIPMENT OF ALL KINDS IS NOT ONLY ESSENTIAL IN ITSELF, BUT IT IS ALSO IMPORTANT IN RETRAINING THE HIGH MORALE OF THE CANADIAN FORCES PERSONNEL WHO USE IT.

THE MODERNIZATION OF THE RENEWAL PROGRAM TAKES EFFECT IN THE NEXT FISCAL YEAR AND IS DESIGNED:

-TO DOUBLE BY 1978/79 THE FUNDS AVAILABLE TO PURCHASE NEW EQUIPMENT OF ALL KINDS;

-TO MAINTAIN THE STRENGTH OF THE CANADIAN FORCES AT APPROXIMATELY THE CURRENT LEVEL;

-TO PROVIDE, AFTER A NUMBER OF MONEY SAVING CHANGES IN THE DEFENCE PROGRAM, FOR INCREASES
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IN SALARIES ON A SCALE EQUAL TO OUR EXPERIENCE IN RECENT YEARS;

-TO PROVIDE FOR INCREASES IN OPERATIONAL AND MAINTENANCE COSTS ALSO ON A SCALE EQUAL TO RECENT EXPERIENCE;

-TO MAINTAIN CANADA'S DEFENCE CONTRIBUTION TO NATO, WHILE CONTINUING, IN LINE WITH THE GENERAL NATO TREND, TO DECREASE GRADUALLY THE PERCENTAGE OF OUR GROSS NATIONAL PRODUCT ALLOCATED TO THE DEFENCE BUDGET.

BY KNOW HOW MUCH MONEY PARLIAMENT WILL BE
ASKED TO ALLOCATE FOR DEFENCE ANNUALLY OVER THE NEXT FIVE
YEARS, THE DEPARTMENT WILL BE IN A BETTER POSITION TO
PLAN THE EFFECTIVE USE OF ITS MANPOWER AND OTHER RESOURCES.
MOREOVER, THE FORMULA WILL SOLVE THE PROBLEM WHICH HAS
PLAGUED THE DEPARTMENT FOR MANY YEARS OF TOO LOW A PER-
CENTAGE OF THE DEFENCE BUDGET FOR CAPITAL EQUIPMENT. I
EMPHASIZED THIS POINT BEFORE THE STANDING COMMITTEE ON
EXTERNAL AFFAIRS AND DEFENCE EARLIER THIS YEAR.

A SUBSTANTIAL PORTION OF OUR CAPITAL EXPENDITURES
DURING THE FIVE YEAR PERIOD WILL BE SPENT ON EQUIPMENT
PROGRAMS ALREADY ANNOUNCED. THESE INCLUDE:

-A NEW MARITIME LONG-RANGE PATROL AIRCRAFT:

-THE MODERNIZATION AND AUTOMATING OF THE
DEFENCE COMMUNICATIONS SYSTEM (SAMSON PRO-
GRAM);

-A SURFACE-TO-AIR SELF-DEFENCE MISSILE
SYSTEM (BLOWPIPE) FOR OUR FORCES IN EUROPE;

-EIGHT BOEING VERTOL CHINOOK MEDIUM TRANSPORT
HELICOPTERS FOR THE LAND FORCES OF MOBILE
COMMAND; AND

-A MAJOR IMPROVEMENT PROGRAM FOR MARITIME
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COMMAND'S SEA KING HELICOPTERS.

IN ADDITION, WE WILL BE BUYING A REPLACEMENT
TRUCK FOR THE FORCES AGEING FLEET OF THREE QUARTER TON
TRUCKS; A WIDE RANGE OF ELECTRONIC EQUIPMENT FOR SEA,
LAND AND AIR ELEMENTS OF THE FORCES AND LARGE AMOUNTS OF
AMMUNITION AND SPARE PARTS TO BRING DEPLETED STOCKS UP
TO THE REQUIRED LEVEL.

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IT IS THE GOVERNMENT'S INTENTION THAT TO THE
GREATEST EXTENT POSSIBLE, OUR EQUIPMENT EXPENDITURES WILL
STIMULATE INDUSTRY AND INCREASE EMPLOYMENT IN CANADA.
TO THIS END, THE DEFENCE DEPARTMENT IS WORKING CLOSELY
WITH THE DEPARTMENTS OF INDUSTRY, TRADE AND COMMERCE,
REGIONAL ECONOMIC EXPANSION, AND SUPPLY AND SERVICES.

AND IN ACCORDANCE WITH THE GOVERNMENT'S POLICY,
OUTLINED IN BOTH THE WHITE PAPER ON DEFENCE AND THE
SPEECH FROM THE THRONE LAST JANUARY, THE GOVERNMENT WILL
CONTINUE TO PUT A HIGH PRIORITY ON DECENTRALIZATION OF
DEFENCE EQUIPMENT BUYING SO THAT ALL REGIONS OF CANADA
WILL SHARE IN THE INDUSTRIAL BENEFITS.

WHEN THERE IS NO FEASIBLE ALTERNATIVE TO BUYING
EQUIPMENT OUTSIDE OF CANADA, THE DEPARTMENTS CONCERNED
WILL MAKE EVERY EFFORT TO ARRANGE ADEQUATE OFF-SETTING
CONTRACTS FOR CANADIAN INDUSTRY.

OUR CAPITAL EXPENDITURES ON CONSTRUCTION WILL
INCLUDE FOUR PROJECTS ALREADY ANNOUNCED.
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-THE EXPANSION OF CANADIAN FORCES BASE
ST. JEAN;

-THE COMPLETION OF THE SCIENCE-ENGINEERING
COMPLEX AT THE ROYAL MILITARY COLLEGE,
KINGSTON;

-.AND A NEW LIBRARY FOR THE ROYAL ROADS
MILITARY COLLEGE, VICTORIA.

WE WILL ALSO BE CONTINUING THE MODERNIZATION PROGRAM OF
OUR MARRIED QUARTERS AT BASES AND STATIONS ACROSS THE
COUNTRY.

OTHER EXPENDITURES PLANNED FOR THE PERIOD IN-
CLUDE A CONSTRUCTION AND IMPROVEMENT PROGRAMME FOR MARITIME
COMMAND HEADQUARTERS AND DOCKYARD COMPLEX IN HALIFAX;

AN EXPANSION OF THE COMBAT ARMS SCHOOL IN GAGETOWN, N. B.;
A NEW OFFICER TRAINING SCHOOL IN CHILLIWACK, B.C.; AND
THE UPGRADING OF AIRFIELD FACILITIES ACROSS THE COUNTRY.

AS YOU KNOW, THE DEPARTMENT HAS BEEN OPERATING
UNCER STRICT FINANCIAL CONSTRAINTS FOR SEVERAL YEARS.
AT THE SAME TIME, THE FORCES HAVE HAD TO MAINTAIN OPERA-
TIONAL EFFICIENCY AT A HIGH LEVEL. WE HAVE BEEN ABLE TO
MAINTAIN THIS EFFICIENCY IN PART BY CUTTING BACK ON NON-
OPERATIONAL MAINTENANCE AND BY ALLOWING BACK-UP STOCKS OF
SPARE PARTS AND AMMUNITION TO RUN DOWN TO MINIMUM LEVELS.

THE GOVERNMENT HAS APPROVED CHANGES WHICH WILL
ACHIEVE SAVINGS GRADUALLY INCREASING TO ABOUT \$40 MILLION
ANNUALLY BY THE END OF THE PERIOD AND THUS ENABLE US TO
BUILD UP STOCKS TO REASONABLE LEVELS AND RESUME NORMAL
MAINTENANCE.

THESE ADJUSTMENTS, ON WHICH WE HAVE CONSULTED
FULLY WITH OUR NATO ALLIES AND OUR NORAD PARTNER, PLUS
THE PROJECTS BUDGETARY INCREASES OF SEVEN PERCENT
ANNUALLY, WILL PROVIDE A BALANCED AND REALISTIC FINANCIAL
BASE FROM WHICH TO ADMINISTER THE DEFENCE PROGRAM IN THE
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FUTURE.

I WOULD LIKE TO EMPHASIZE THAT THE MONEY SAVING
ADJUSTMENTS IN THIS MODERNIZATION PROGRAM WHICH I AM
ANNOUNCING TODAY ARE, FOR THE MOST PART, BEING PHASED OVER
A PERIOD OF TIME IN ORDER TO REDUCE ANY DISLOCATION TO
AN ABSOLUTE MINIMUM. SOME ACTIONS HAVE ALREADY BEEN
ANNOUNCED, INCLUDING CONSOLIDATION OF WEST COAST FLYING
ACTIVITIES OUT OF COMOX, B.C.; THE CLOSING OF THE DND
MANAGEMENT SCHOOL IN MONTREAL AND THE CONSOLIDATION OF
SOME MEDICAL TRAINING FACILITIES AT KINGSTON. FURTHER
ACTIONS I AM ANNOUNCING FOR THE FIRST TIME TODAY ARE:

-WITHIN THE NEXT YEAR, WE WILL CLOSE THE
AIR DEFENCE RADAR SITES AT FOYMOUNT,
ARMSTRONG AND RAMORE;

-WITHIN TWO YEARS, WE WILL TAKE OUT OF SER-
VICE THE 38 TWENTY-YEAR OLD CF-100 AIRCRAFT
IN THE FORCES INVENTORY;

- TO COINCIDE WITH THE ENTRY INTO THE CANADIAN
FLEET OF THE FOUR MOST MODERN DESTROYERS IN
THE WORLD, THE IROQUOIS, ATHABASKAN, HURON,
AND ALGONQUIN, WE WILL FIND ALTERNATIVE USE,
BY SALE OR LEASE, FOR THE AGEING ST.-LAURENT,
CHAUDIERE, COLUMBIA AND STE. CROIX, BY THE

END OF 1974;

-WE WILL REMOVE ANTI-SUBMARINE WARFARE
EQUIPMENT FROM TRACKER AIRCRAFT FLEET AND
REDUCE THE FLEET TO 16 FROM 33, EARLY IN
1974;

-WE WILL RETIRE THE TWENTY-NINE-YEAR-OLD
TRAINING SUBMARINE HMCS RAINBOW, BASED AT
ESQUIMALT, WITHIN THE NEXT YEAR;

-WE WILL REDUCE BY HALF THE \$3.0 MILLION ANNUAL
CIVIL EMERGENCY MEASURES FINANCIAL ASSISTANCE
PROGRAM TO THE PROVINCES AND TERRITORIES,
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BEGINNING WITH FISCAL YEAR 1974/75.

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AS SOME OF THESE DECISIONS AFFECT CIVILIANS,
THE UNION OF NATIONAL DEFENCE EMPLOYEES HAS BEEN INFORMED
OF THE DEPARTMENT'S MODERNIZATION AND RENEWAL PROGRAM AND
WE WILL BE WORKING CLOSELY WITH THE UNION TO EXTEND EVERY
BENEFIT THAT CAN BE PROVIDED TO OUR CIVILIAN EMPLOYEES.

THE DEFENCE DEPARTMENT IS ALSO WORKING WITH
THE DEPARTMENT OF MANPOER AND IMMIGRATION AND THE
PUBLIC SERVICE COMMISSION TO MAXIMIZE THE EMPLOYMENT

OPPORTUNITIES AVAILABLE TO THE CIVILIAN EMPLOYEES WHO
WILL BE AFFECTED BY THESE PROGRAM ADJUSTMENTS.

FOR EXAMPLE, QUALIFIED CIVILIAN EMPLOYEES WHO
ARE OFFERED AND WHO ACCEPT A POSITION AT ANOTHER DEFENCE
ESTABLISHMENT OR ELSEWHERE WITHIN THE PUBLIC SERVICE,
WILL BE REIMBURSED FOR REASONABLE EXPENSES FOR THE COST
OF THEIR MOVE.

MEMBERS OF THE FORCES IN POSITIONS WHICH
BECOME REDUNDANT IN THIS MODERNIZATION AND RENEWAL PRO-
GRAM WILL BE REASSIGNED TO OTHER MILITARY POSITIONS.
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I AM CONVINCED THAT THE MEASURES I HAVE DESCRIBED
WILL PERMIT US TO PLAN MORE EFFECTIVELY, ESPECIALLY THE
TASKS THEY ARE ASSIGNED BY THE GOVERNMENT. AS A RESULT
OF THIS MODERNIZATION AND RENEWAL PROGRAM, CANADIAN FORCES
PERSONNEL WILL BE ABLE TO PURSUE MORE EFFECTIVE AND
SATISFYING INDIVIDUAL CAREERS IN NATIONAL DEFENCE, AND-,
COLLECTIVELY, THEY WILL BE ABLE TO ACHIEVE, BECAUSE OF
THE CHANGES I AM ANNOUNCING TODAY, A HIGHER LEVEL OF
SERVICE TO CANADA.

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